

**STATE OF TEXAS
DEPARTMENT OF INFORMATION RESOURCES
VOLUME PRICING CONTRACT
Nortel Networks**

This **VOLUME PRICING CONTRACT** for the acquisition of Nortel Networks information technology products and related services is entered into between the State of Texas, acting by and through the Department of Information Resources with its principal place of business at 300 West 15th Street, Suite 1300, Austin, Texas 78701, and Nortel Networks Inc., with its principal place of business in Texas located at 2221 Lakeside Blvd, Richardson, Texas 75082.

1. Contract Scope and Term

This Contract sets forth the terms and conditions governing the acquisition of Nortel Networks information technology products and related Services. Terms used in this document shall have the meanings set forth below in Section 2, Definitions. This Contract is available for use by all Customers.

The term of this Contract shall be two (2) years commencing on the last date of execution by the parties. Prior to expiration of the original term, the parties may renew this contract, upon approval of DIR and Manufacturer, for up to two (2) optional one-year terms. Upon termination of this Contract, all rights and obligations set forth herein shall survive in accordance with their terms as to procurements made by Customers prior to such termination.

2. Definitions

Terms used in this Contract shall have the following meanings:

- A. DIR** - the Department of Information Resources.
- B. Customer** - any Texas state agency and local government as defined in Section 2054.003, Texas Government Code (including institutions of higher education as defined in Texas Education Code, Section 61.003), and those state agencies purchasing from a DIR contract through an Interagency Agreement, as authorized by Chapter 771, Texas Government Code.
- C. Manufacturer** -Nortel Networks Inc.
- D. Reseller** - distributor, dealer, or value-added reseller designated by the Manufacturer who participates as a primary distribution source for the Manufacturer.
- E. Product** - any Nortel Networks item manufactured or produced by the Manufacturer and provided under this Contract. Product may include any pre-loaded software necessary for operation.
- F. Services** - any value-added service that the Manufacturer and/or Reseller may perform as related to Products available under this Contract. For example: warranty, support services, installation, and product training.
- G. State Contract Administrator** - the individual as appointed by DIR to administer this Contract on behalf of the State of Texas and the Customers.
- H. Manufacturer Contract Administrator** - the individual as appointed by the Manufacturer to administer this Contract on behalf of the Manufacturer and Resellers.
- I. Administrative Fee** - the fee used to defray DIR's cost of negotiating, executing and administering this Contract.
- J. Purchase Order** - the Customer's fiscal form or format, which is used when making a purchase (e.g., formal written Purchase Order, Procurement Card, Electronic Purchase Order,

- or other authorized instrument). By submitting a Purchase Order under this Contract, each Customer is agreeing to be bound by the terms and conditions of this Contract.
- K. Information Resources Technology (Technologies)** – as defined in Texas Government Code §2054.003.
 - L. Day** - shall mean business days, Monday through Friday, except for State and Federal holidays. If the Contract calls for performance on a day that is not a business day, then performance is intended to occur on the next business day.
 - M. State** – refers to the State of Texas.
 - N. Go DIRect Coordinator** – refers to the individual appointed by DIR to administer and collect the contract reporting data on behalf of the State and the authorized Customers.
 - O. Hardware** – means a Nortel Networks machine or components.
 - P. Software** – means computer programs in object code form or firmware which is owned or licensed by Nortel Networks, its parent or one of its subsidiaries or affiliates, and is copyrighted and licensed, not sold. Software consists of machine-readable instructions, its components, data, audio-visual content (such as images, text, recordings or pictures) and related licensed materials including all whole or partial copies.
 - Q. Third Party Vendor Item** – includes “Third Party Hardware” and “Third Party Software” and means any non-Nortel Networks hardware and/or software supplied to Customer under this Agreement.
 - R. Information** - means i) Software and Third Party Software; and ii) all business, technical, marketing and financial information and data that is clearly marked with a restrictive legend of the disclosing party (“Discloser”).

3. Entire Agreement and Order of Precedence

This Contract; Appendix A, Standard Clauses for Texas DIR Contracts; Appendix B, Software License; Appendix C, Pricing Index and Discounts; and Appendix D Fulfilling Reseller Agreement constitute the entire agreement between the parties hereto. In the event of a conflict between the documents listed in this paragraph, the controlling document shall be this Contract, then Appendix A, then Appendix B, then Appendix C and finally Appendix D. No statement, promise, condition, understanding, inducement or representation, oral or written, expressed or implied, which is not contained herein shall be binding or valid. This Contract shall not be changed, modified or altered in any manner except by an instrument in writing executed by both parties hereto, with the approval of DIR and the Manufacturer.

The terms and conditions set forth herein shall govern all transactions by Customers under this Contract. Customers shall not have the authority to modify the terms of this Contract, except as to receive better terms or pricing for a particular procurement than those set forth herein. In such event, Manufacturer shall furnish a copy of such better offerings to DIR upon request. No additional term or condition of a Purchase Order issued by a Customer can weaken a term or condition of this Contract. In the event of a conflict between a Customer’s Purchase Order and this Contract, the Contract term shall control.

4. Product and Service Offerings

Products available under this Contract are set forth as any Information Resource Technology item manufactured and produced by the Manufacturer. Services include any value-added service that the Manufacturer and/or its Reseller may perform as related to Products available under this Contract.

A. Products

Manufacturer will maintain a product list including pricing, product descriptions, and product specifications for all Products offered under this Contract. The product list may be updated at

any time during the term of this Contract to incorporate product model changes or product upgrades or prices, addition of new products, and removal of obsolete or discontinued products.

B. Services

Examples of Services include, but are not limited to: warranty, support services, installation, and product training. Manufacturer will maintain a list including pricing and descriptions for all services offered under this Contract. The services list may be updated at any time during the term of this Contract to incorporate changes to the service offering.

5. Contract Administration

DIR and the Manufacturer will each provide a Contract administrator to support this Contract. Information regarding the Contract administrators will be posted on the Internet web site designated for this Contract.

A. State Contract Administrator

DIR shall provide a Contract administrator whose duties shall include but not be limited to: i) supporting the marketing and management of this Contract, ii) advising DIR of Manufacturer's performance under the terms and conditions of this Contract, and iii) periodic verification of product pricing and monthly reports submitted by Manufacturer.

B. Manufacturer Contract Administrator

Manufacturer shall provide a Contract administrator whose duties shall include but not be limited to: i) supporting the marketing and management of this Contract, ii) facilitating dispute resolution between a Reseller and a Customer, and iii) advising DIR of Resellers performance under the terms and conditions of this Contract. DIR reserves the right to request a change in Manufacturer's then-current contract administrator if the assigned administrator is not, in the opinion of DIR, adequately serving the needs of the State. The Manufacturer shall accommodate such request where reasonably possible.

6. Use of Resellers

Manufacturer shall be responsible for providing second-level service, sales and support resources to serve Customers at multiple geographic purchasing locations throughout the State of Texas. DIR agrees to permit Manufacturer to utilize designated Resellers to provide first-level support so that sufficient resources are available to insure maximum service capability throughout the State. Such participation is subject to the following conditions:

A. Designation of Resellers

Manufacturer shall designate Resellers to participate under this Contract to act as the product/order distributors. DIR reserves the right to request a rescission of any such Reseller participation or request that Manufacturer name additional Resellers should DIR determine it is in the best interest of the State.

Manufacturer shall have the right to qualify Resellers and their participation as fulfillment agents under this Contract by product line, contracting program (i.e., government/educational sales), geographic region, size/sales volume, technical training or other criteria, provided that: i) such criteria are uniformly applied to all potential Resellers based upon Manufacturer's established, neutrally applied commercial/governmental program criteria, and not to a particular procurement; and ii) all general categories of criteria are fully covered by participating Resellers to meet the needs of Customers. Manufacturer, Reseller and DIR

shall execute a letter agreement in the format provided in Appendix D hereto signifying the approval of the Reseller under this Contract.

All Resellers who have been approved by the Manufacturer in accordance with the foregoing paragraph shall be eligible to quote lower pricing for procurements under this Contract which meet their qualifying criteria. Manufacturer warrants and represents that it shall not, directly or indirectly, by agreement, communication or any other means restrict any Reseller's participation or ability to quote a particular order; or prohibit Reseller from participating in other procurement opportunities offered through DIR except as provided in the foregoing paragraph or as provided in the distributor agreement between Manufacturer and Reseller.

B. Changes in Reseller List

Manufacturer may add and/or delete Resellers throughout the term of the contract provided the total number of Resellers does not exceed five (5), but shall be no less than two (2). However, the participating Resellers must geographically provide adequate coverage to the entire State.

C. Conditions of Reseller Participation

All participating Resellers must be approved Qualified Information Systems Vendors with the State of Texas.

D. Responsibility for Reseller Performance and Reporting

Manufacturer shall be responsible for requiring that all Resellers provide Manufacturer with the requisite reports for all products and services purchased through Resellers, in accordance with Section 12, Reporting and Administrative Fees.

E. Available Products and Services

Products and services ordered directly through Resellers shall be limited to products and services previously approved for inclusion under this Contract in Section 4, Product and Services Offerings, and shall be subject to all terms and conditions of this Contract as a condition of Reseller participation.

F. Reseller Pricing to the Customer

Manufacturer is required to offer the same Customer Discount to all participating Resellers. More advantageous pricing for large volume purchases may be offered, however the pricing for such an opportunity will be the same for all participating Resellers. The participating Resellers are not allowed to add margin to the Customer Discount given by Manufacturer as shown on Appendix C hereto.

7. Pricing

If Manufacturer offers and makes sales of products and services at a higher rate of discount, based on a quantity of one, from that specified in this Contract, to an eligible DIR Customer, other entity or consortia authorized by Texas law to sell Manufacturer's products and services to eligible DIR Customers, then the available discount levels in this Contract shall automatically be adjusted to that higher discount rate.

A. Customer Discount

Based on a quantity of one (1), the Customer discount from the Resellers for all products and services will be a percentage off Manufacturer's Suggested Retail Price, or Pricing Index as attached in Appendix C. Customer may negotiate more advantageous pricing for large volume purchases with a participating Reseller. The Customer Discount set forth herein shall

adhere to Section 6 Paragraph F, Reseller Pricing to the Customer.

B. DIR Administrative fee

The DIR administrative fee specified in Section 12, Reporting and Administrative Fees, shall be included in the Customer Discount set forth herein. The administrative fee shall not be broken out as a separate line item when pricing or invoice is provided to Customer.

C. Shipping and Handling Fees

The price to the Customer under this Contract shall include all shipping and handling fees. In the event of undelivered product, Reseller will assume liability for all costs associated with risk or loss during transit and all shipping costs associated with product delivery; including but not limited to, transportation and tracking of product delivery. No additional fees shall be charged to the Customer for standard shipping and handling. If the Customer requests expedited delivery, Customer will be responsible for any charges for expedited delivery.

D. Tax-Exempt

As per Section 151.309, Texas Tax Code, Customers under this Contract are exempt from the assessment of State sales, use and excise taxes. Further, Customers under this Contract are exempt from Federal Excise Taxes, 26 USC Secs. 4253(i) and (j).

E. Changes to Prices

Manufacturer may change the price of any product or service at any time, based upon changes to the Manufacturer's Suggested Retail Price, but discount levels shall remain consistent with the discount levels specified in Paragraph A, Customer Discount, of this Section. Price decreases shall take effect automatically during this Contract term and Manufacturer shall pass all price decreases on to the Customer.

Manufacturer may make product model changes at any time and the pricing for the same shall incorporate comparable price discount levels as specified in Section 7, Paragraph A, Customer Discount.

8. Order Processing and Payments

All Customer Purchase Orders will be placed directly with the participating Resellers. Purchase Orders submitted in accordance with this Agreement shall be effective and binding upon acceptance by the Reseller.

Invoices shall be submitted by the Reseller directly to the Customer and shall be issued by the Reseller in compliance with Chapter 2251, Texas Government Code. All payments for Products and/or Services purchased under this Contract and any provision of acceptance of such Products and/or Services shall be made to the Reseller by the Customer.

Invoices must be timely and accurate. Each invoice must match Customer's Purchase Order and include any written changes that may apply, as it relates to Products, prices and quantities. Invoices must include the Customer's Purchase Order number or other pertinent information for verification of receipt of the Purchase Order by the Customer.

Customer(s) shall comply with Chapter 2251, Texas Government Code, in making payments to Reseller. Payment under this Contract shall not foreclose the right to recover wrongful payments.

9. Software Licensing Agreement

Customers purchasing software licenses under this Contract shall hold, use and operate such software subject to compliance with the Software Licensing Agreement set forth in Appendix B hereto. No changes to the License Agreement Terms and Conditions may be made unless previously agreed to between Manufacturer and DIR. Customers may not add, delete or alter any of the language in Appendix B. Upon Customer's execution of the Software Licensing Agreement and forwarding the signed copy to Reseller, Reseller shall make the Software Licensing Agreement terms and conditions available to all Customers at all times.

Compliance with the Software Licensing Agreement is the responsibility of the Customer. DIR shall not be responsible for any Customer's compliance with the Software Licensing Agreement. If DIR purchases software licenses for its own use under this Contract, it shall be responsible for its compliance with the Software Licensing Agreement terms and conditions.

10. Service Agreement

Customers purchasing Services under this Contract shall execute a Service Agreement with Reseller as set forth in Appendix B hereto. No changes to the Service Agreement terms and conditions may be made unless previously agreed to by Reseller and DIR. The Service Agreement shall include Service Level Descriptions for related products.

11. Internet Access to Contract and Pricing Information

Access by Customers to Contract terms and pricing information shall be made available and posted on the Internet. To that end, upon sixty (60) days from execution of the Contract, Manufacturer will be required to host the complete Contract Product and Service offerings, including pricing, at Manufacturer's Internet site. Internet access to this information will be provided including all subsequent changes to the Product and Services offerings and pricing during the term of this Contract at no cost to DIR, the State, and Customers. Nortel Networks will create a web page for the DIR Contract which will include links to the DIR Product and Pricing Catalog and a list of authorized Resellers under this Contract.

A. Accurate and Timely Contract Information

Manufacturer warrants and represents that Contract information will be accurately and completely posted, maintained and displayed in an objective and timely manner which renders it clearly distinguishable from other, non-Contract offerings at Manufacturer's web site. Manufacturer shall indemnify DIR, the State, and Customers for damages resulting from material errors or inaccuracies in such information, or from any failure to maintain or timely post Contract information in accordance with this paragraph.

B. Price Data Retention and Compliance Checks

Periodic Compliance Checks of the information posted for this Contract on Manufacturer's web site will be conducted by DIR. Upon request by DIR, Manufacturer/Reseller shall provide verifiable documentation that pricing listed upon this site is uniform with the Customer Discount as stated in Section 7A.

C. Web Site Changes

Manufacturer hereby consents to a link from the DIR web site to Manufacturer's web site in order to facilitate access to Contract information. The establishment of the link is provided solely for convenience in carrying out the business operations of the State. DIR reserves the right to terminate or remove a link at any time, in its sole discretion, without advance notice, or to deny a future request for a link. DIR will provide Manufacturer with subsequent notice of link termination or removal. Manufacturer shall provide DIR with timely written notice of any change in URL or other information needed to access the site and/or maintain the link.

D. Use of Access Data Prohibited

If Manufacturer stores, collects or maintains data electronically as a condition of accessing State Contract information, such data shall only be used internally by Manufacturer for the purpose of implementing or marketing the State Contract, and shall not be disseminated to third parties or used for other marketing purposes. This Contract constitutes a public document under the laws of the State and Manufacturer shall not restrict access to the Contract terms and conditions including pricing, i.e., through use of restrictive technology or passwords.

E. Responsibility for Content

Manufacturer is solely responsible for administration, content, intellectual property rights, and all materials at Manufacturer's web site. Manufacturer is solely responsible for its actions and those of its employees or subcontractors, and agrees that neither Manufacturer nor any of the foregoing has any authority to act or speak on behalf of DIR or the State. DIR requires Manufacturer to list all participating Reseller's information on the web site, such as: company name, address, contact information, phone and fax number, email address, State Vendor ID number, and other applicable information as deemed necessary by DIR. DIR also reserves the right to require a change of listed content if, in the opinion of DIR, it does not adequately represent this Contract. Nortel Networks will provide the list of Resellers who have signed the Attachment D on the DIR web page.

12. Reporting and Administrative Fees

Reseller shall be responsible for reporting all Products and Services purchased through such Reseller under this Contract to Manufacturer. Manufacturer shall then aggregate the various Reseller(s) reports and provide to DIR a single cumulative report of purchases made by DIR and its various Customers under this Agreement. The failure to provide to Manufacturer the monthly reports, subcontract reports, and pay the administrative fees to DIR on a timely basis will constitute grounds for suspension of Reseller for cause. If Manufacturer submits three (3) consecutive monthly reports incorrectly to DIR, DIR reserves the right to suspend or terminate this contract for cause. Manufacturer's liability for any breach of this section is limited to the amount of administrative fees owed to DIR by Manufacturer.

DIR shall have the right to verify required reports and to take any actions necessary to enforce its rights under this section, including but not limited to, compliance checks of Reseller's applicable Contract books.

A. Detailed Monthly Report

Reseller shall electronically provide Manufacturer with a detailed monthly report in the format required by DIR showing the dollar volume of any and all sales under this Contract for the previous month period. Reports shall be submitted to the Manufacturer from the Reseller(s) on the tenth (10th) business day of each month for purchases made in the preceding month. Manufacturer shall provide the cumulative Report to DIR on the fifteenth (15th) business day of each month for the preceding month purchases. The monthly report shall include the participating individual Reseller's sales for the period, the Reseller's company name, each Customer name, order date, ship date, description, part numbers, manufacturer, quantity, unit price, extended price, Customer purchase order number, contact name, Customer's complete billing address, and other information as required by DIR. Each line item sale must contain all information listed above or the report will be rejected and returned to the Manufacturer for correction.

B. Historically Underutilized Business Subcontract Reports

Manufacturer shall electronically provide each Customer with their relevant Historically Underutilized Business Subcontracting Report, pursuant to this Contract, as required by Chapter 2161, Texas Government Code. Reports shall also be submitted to DIR.

Reports shall be due quarterly in compliance with the following schedule, or as requested by each ordering Customer:

September, October and November will be due by the 30th business day of December
December, January and February will be due by the 30th business day of March
March, April and May will be due by the 30th business day of June
June, July and August will be due by the 30th business day of September

C. DIR Administrative Fee

DIR shall receive an administrative fee to defray the DIR costs of negotiating, executing, and administering this Contract. All prices quoted to Customers shall include the administrative fee. DIR reserves the right to change this fee upwards or downwards during the term of this Contract, upon written notice to Manufacturer and Resellers. Any change in the administrative fee shall be incorporated in the price to the Customer. Reseller, in turn, shall pay DIR for the full amount of the administrative fee on the schedule indicated below. The fee is due on the 15th business day after the close of the previous month period. The amount of the fee is two (2) percent of the net dollar value of total sales to Customers as reported under Section 12 A. Payment will be calculated at the net price of all sales, net of returns and credits. Manufacturer shall establish a schedule for collection of each Reseller's administrative fee amount, timed to ensure prompt payment to DIR. In the event, Reseller fails to provide a check payable to DIR for any monthly administrative fee, Manufacturer shall pay the administrative fee subject to recoupment from Reseller in accordance with Exhibit D

D. Collection of Administrative Fees

It is the duty of Manufacturer to collect the applicable administrative fee from each Reseller and forward Resellers' payments to DIR as reported under Section 12C. The cumulative total should reflect the calculated amount as reported under Section 12 A. Manufacturer accepts the risk of mistake and/or insufficient funds for the amounts sent to it by Resellers. DIR shall bear no risk for the collection of fees due from Reseller and shall look solely to Manufacturer for performance of the administrative fee payment responsibility.

13. Limitation of Liability

In no event shall Manufacturer or its agents or Resellers be liable to Customer for more than the amount of any actual direct damages up to the greater of U.S. \$100,000 (or equivalent in local currency) or the charges for the Product or Services that are the subject of the claim, regardless of the cause and whether arising in contract, tort (including negligence) or otherwise. This limitation will not apply to claims for damages for bodily injury (including death) and damage to real property and tangible personal property for which Manufacturer is legally liable and payments as set forth in Section 1 of Appendix A. IN NO EVENT SHALL MANUFACTURER OR ITS AGENTS OR SUPPLIERS BE LIABLE FOR ANY OF THE FOLLOWING: a) DAMAGES BASED ON ANY THIRD PARTY CLAIM EXCEPT AS EXPRESSLY PROVIDED HEREIN AND IN SECTION 1 OF APPENDIX A; b) LOSS OF, OR DAMAGE TO, CUSTOMER'S RECORDS, FILES OR DATA; OR c) INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES

(INCLUDING LOST PROFITS OR SAVINGS), EVEN IF MANUFACTURER IS INFORMED OF THEIR POSSIBILITY.

14. Notices

All notices, demands, designations, certificates, requests, offers, consents, approvals and other instruments given pursuant to this Contract shall be in writing and shall be validly given on i) the date of delivery if delivered by email, facsimile transmission, mailed by registered or certified mail, or hand delivered, or (ii) three business days after being mailed via United States Postal Service. The parties may from time to time, specify any address in the United States as its address for purpose of notices under this Contract by giving fifteen (15) days written notice to the other party.

If sent to the State:

Patrick W. Hogan
Department of Information Resources
300 W. 15th St., Suite 1300
Austin, Texas 78701
Phone: (512) 475-4700
Fax: (512) 475-4759
Email: patrick.hogan@dir.state.tx.us

If sent to the Manufacturer:

Mark Fenter
Nortel Networks Inc.
110444 Research Blvd Suite A-210
Austin, TX 78759
Phone: (512) 241-3314
Fax: (512) 241-3400
Email: mfenter@nortelnetworks.com

15. Captions


The captions contained in this Contract are intended for convenience and reference purposes only and shall in no way be deemed to define or limit any provision thereof.

16. Choice of Law

The law of the State of Texas shall govern the construction and interpretation of this Contract. Nothing herein shall be construed to waive the state's sovereign immunity except as otherwise provided by Texas law.

IN WITNESS WHEREOF, the parties therefore hereby execute their mutual agreement to the terms of this Contract. This agreement shall be executed and shall be a binding Contract between the parties.

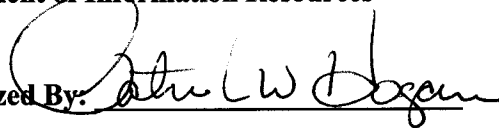
Nortel Networks Inc.

Authorized By: 
Name: Reed Hermon

Title: VP


Date: 6/19/03

**The State of Texas, acting by and through the
Department of Information Resources**

Authorized By: 
Name: Patrick W. Hogan

Title: Director of Business Operations

Date: 6/11/03

Legal: 
6/11/03

APPENDIX A

STANDARD CLAUSES

STATE OF TEXAS, DIR CONTRACTS

TABLE OF CONTENTS

GENERAL

1. Indemnification Clause
2. Non-Assignment Clause
3. No Quantity Guarantees
4. Confidentiality Clause
5. Manufacturer Certifications
6. Equal Opportunity Compliance
7. Technology Access Clause
8. Commodity Software
9. Records
10. Ability to Conduct Business in Texas
11. Quotation, Warranty, and Return Policies
12. Invalid Term or Condition
13. Enforcement of Contract and Dispute Resolution
14. Entireties
15. Modification of Contract Terms and/or Amendments
16. DIR Logo
17. Manufacturer Logo
18. Leasing Provision
19. Site Preparation
20. Trade Show Participation
21. Orientation Meeting
22. Use of Subcontractors
23. Force Majeure
24. Termination for Non-Appropriation
25. Termination for Convenience
26. Termination for Cause
27. Customer Rights Under Termination
28. Manufacturer or Reseller Rights Under Termination

Appendix A

29. Survival

30. Handling of Written Complaints

Appendix A

STANDARD CLAUSES FOR TEXAS DIR CONTRACTS

The parties to the attached Contract, amendment or other agreement of any kind (hereinafter, "this Contract") agree to be bound by the following clauses which are hereby made a part of this Contract.

1. INDEMNIFICATION CLAUSE.

If a third party claims that Manufacturer Hardware or Software provided to Customer under this Contract infringes that party's patent or copyright, Manufacturer will defend Customer against that claim at Manufacturer's expense and pay all costs and damages that a court finally awards or are agreed in settlement, provided that Customer a) promptly notifies Manufacturer in writing of the claim and b) allows Manufacturer to control, and cooperates with Manufacturer in, the defense and any related settlement negotiations. If such a claim is made or appears likely to be made, Manufacturer agrees to secure the right for Customer to continue to use the Hardware or Software, or to modify it, or to replace it with equivalent Hardware or Software. If Manufacturer determines that none of these options is reasonably available, Customer agrees to return the Hardware or Software to Manufacturer on Manufacturer's written request. Manufacturer will then give Customer a credit equal to Customer's net book value for the Hardware or Software provided Customer has followed generally-accepted accounting principles. Any such claims against the Customer or liability for infringement arising from use of the Hardware or Software following a request for return by Manufacturer are the sole responsibility of Customer. This represents Customer's sole and exclusive remedy regarding any claim of infringement. Manufacturer has no obligation regarding any claim based on any of the following: a) anything Customer provides which is incorporated into the Hardware or Software; b) compliance by Manufacturer with the Customer's specifications, designs or instruction; c) the amount of revenues or profits earned or other value obtained by the use of a Product; d) Customer's modification of Hardware or Software; e) the combination, operation, or use of Hardware or Software with other products not provided by Manufacturer as a system, or the combination, operation, or use of Hardware or Software with any product, data, or apparatus that Manufacturer did not provide; f) the Customer's failure to install or have installed changes, revisions or updates as instructed by Manufacturer or g) infringement by a Third Party Vendor Item alone, as opposed to its combination with Products Manufacturer provides to Customer as a system. Manufacturer agrees to coordinate defense with the Texas Office of the Attorney General, as may be requested by DIR.

2. NON-ASSIGNMENT CLAUSE. This Contract shall be entered into and be binding upon the successors of the parties. Neither party may assign this Contract without the prior written consent of the other party, which consent will not be unreasonably withheld. Any attempt to assign this Contract without the written consent of DIR and the Manufacturer is null and void.

3. NO QUANTITY GUARANTEES. This Contract is not an exclusive agreement between the parties. Customers may obtain Information Resources Technologies from other sources during the Contract term, and Manufacturer may sell its products and services to third parties during the term. DIR makes no express or implied warranties whatsoever that any particular number of Purchase Orders will be issued or that any particular quantity or dollar amount of Information Resources Technologies will be procured through the Contract.

4. CONFIDENTIALITY CLAUSE. Manufacturer acknowledges that DIR is a government agency subject to the Texas Public Information Act. Manufacturer also acknowledges that DIR will comply with the Public Information Act, and with all opinions of the Texas Attorney General's office concerning this Act. DIR agrees that all information marked as "Confidential" or "Proprietary" that it receives from Manufacturer shall be regarded as trade secrets and/or confidential commercial information; if so regarded, as such under the Texas Public Information Act. DIR agrees to hold such Information in confidence and protect it from public disclosure in accordance with such statutes to the greatest extent permitted by applicable Texas law. DIR may disclose Information to the extent required by law; however, DIR must provide Manufacturer with reasonable notice prior to such disclosure and provide Manufacturer with reasonable assistance to facilitate the issuance of a protective order. Under the terms of this Contract, DIR may provide Manufacturer or Reseller with information related to Customers. Manufacturer shall not re-sell or otherwise distribute or release to any party in any manner, Customer information.

5. MANUFACTURER CERTIFICATIONS.

Manufacturer certifies (i) it has not given, offered to give, and does not intend to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; (ii) it is not currently delinquent in the payment of any franchise tax owed the State of Texas and is not ineligible to receive payment under §231.006 of the Texas Family Code and acknowledges this Contract may be terminated and payment withheld if this certification is inaccurate; (iii) neither it, nor anyone acting for it, has violated the antitrust laws of the United States or the State of Texas, nor communicated directly or indirectly to any competitor or any other person engaged in such line of business for the purpose of obtaining an unfair price advantage; (iv) it has not received payment from DIR or any of its employees for participating in the preparation of this Contract; (v) it is not ineligible to receive this Contract under § 2155.004, Texas Government Code; (vi) it is in compliance with §618.003, Texas Government Code; (vii) it will comply with §2155.444 and §2155.4441, Texas Government Code, in fulfilling the terms of this Contract; and (viii) to the best of the Manufacturer's knowledge and belief, there are no suits or proceedings pending or threatened against or affecting the Manufacturer, which if determined adversely to the Manufacturer will have a material adverse effect on

Appendix A

the ability of the Manufacturer to fulfill its obligations under this Contract.

6. EQUAL OPPORTUNITY COMPLIANCE.

Manufacturer agrees to abide by all applicable laws, regulations, and executive orders pertaining to equal employment opportunity, including federal laws and the laws of the State in which its primary place of business is located. In accordance with such laws, regulations, and executive orders, the Manufacturer agrees that no person in the United States shall, on the grounds of race, color, religion, national origin, sex, age, veteran status or handicap, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed by Manufacturer under this Contract. If Manufacturer is found to be not in compliance with these requirements during the term of this Contract, Manufacturer agrees to take appropriate steps to correct these deficiencies. Upon request, Manufacturer will furnish information regarding its nondiscriminatory hiring and promotion policies, as well as specific information on the composition of its principals and staff, including the identification of minorities and women in management or other positions with discretionary or decision-making authority.

7. TECHNOLOGY ACCESS CLAUSE, AS REQUIRED BY §2157.005, TEXAS GOVERNMENT CODE. (Applicable to State Agency Purchases Only)

Manufacturer expressly acknowledges and agrees that State funds may not be expended in connection with the purchase of an automated information system unless that system meets certain statutory requirements relating to accessibility by persons with visual impairments. Accordingly, the Manufacturer represents and warrants to DIR and each Customer purchasing products under this Contract that the technology provided hereunder is capable, either by virtue of features included within the technology or because it is readily adaptable by use with other technology of: (i) providing equivalent access for effective use by both visual and non-visual means; (ii) presenting information, including prompts used for interactive communications, in formats intended for both visual and non-visual use; and (iii) being integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired. For the purposes of this section, the phrase "equivalent access means a substantially similar ability to communicate with or make use of the technology, either directly by features incorporated within the technology or by other reasonable means such as assistive devices or services that would constitute reasonable accommodations under the Americans with Disabilities Act or similar state or federal laws. Examples, of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands and other means of navigating graphical display and customizable display appearance.

8. COMMODITY SOFTWARE. Texas Government Code, §2157.068 requires State agencies to buy commodity software in accordance with contracts developed by DIR,

unless the agency obtains a waiver from DIR. Manufacturer shall agree to coordinate all agency commodity software sales made pursuant to this Contract through existing DIR contracts, if available. Manufacturer represents it will not license through a signed or unsigned license agreement, volume licensing agreement or an order confirmation, the commodity software to state agencies unless the agency is able to provide a DIR granted waiver that the agency is able to purchase the commodity software outside the DIR Commodity Software contracts. The operating system software and institutions of higher education are not bound to this Code.

9. RECORDS. The Manufacturer and/or Reseller(s) as applicable, shall maintain adequate records to establish compliance with this Contract until the later of a period of four years after termination of this Contract or until full, final and unappealable resolution of all compliance checks or litigation issues that arise under this Contract. Such records shall include identification of the procuring Customer, documentation of the Customer's ordering date, Customer Purchase Order number, order date of product or service, ship date or service delivery date, full invoice address, name of participating Reseller for the procurement, unit price, extended price, participating Reseller invoice number, record of procuring Customer payment and/or balance due, the calculations supporting each administrative fee owed DIR under this Contract, Historically Underutilized Businesses Subcontracting reports, and such other documentation as DIR may request.

Manufacturer and Reseller(s) shall grant access to all paper and electronic records, books, documents, accounting procedures, practices and any other items relevant to the performance of this Contract to DIR, the auditors designated by DIR, including auditors of the State Auditor's Office and of the United States, and such other persons or entities designated by DIR for the purposes of inspecting, auditing and/or copying such books and records. Copies and printouts requested by DIR shall be provided by Manufacturer and Reseller(s) at actual cost for copying and personnel expense. DIR shall provide Manufacturer thirty (30) business days' notice prior to inspecting, auditing, and/or copying Manufacturer's records. Manufacturer's records, whether paper or electronic, shall be made available during regular office hours. Manufacturer personnel familiar with the Manufacturer's books and records shall be available to DIR staff and designees as needed. Manufacturer shall provide adequate office space to DIR staff during the performance of a compliance check.

If any inspection or compliance check performed hereunder reveals an aggregate overcharge to a Customer of .5% or greater, or an aggregate underpayment to DIR of its administrative fee of .5% or greater, then the cost of such compliance check or inspection, including, but not limited to, the salary and associated overhead of DIR staff performing the compliance check or inspection, shall be reimbursed to DIR within thirty (30) days from receipt of an invoice from DIR reflecting the cost of the compliance check or inspection.

Appendix A

For procuring State Agencies whose payments are processed by the Texas Comptroller of Public Accounts, the volume of payments made to Reseller through the Texas Comptroller of Public Accounts and the administrative fee based thereon shall be presumed correct unless Reseller can demonstrate to DIR's satisfaction that Reseller's calculation of DIR's administrative fee is correct.

10. ABILITY TO CONDUCT BUSINESS IN TEXAS.

The Manufacturer is an entity authorized and validly existing under the laws of its state of organization, and is authorized to do business in the State of Texas. The Manufacturer is a "Qualified Information Systems Manufacturer" as defined in §2157.001, Texas Government Code. All products and services offered to Customers under this Contract are listed in Manufacturer's catalogue on file with the Texas Building and Procurement Commission.

11. QUOTATIONS, WARRANTY, AND RETURN POLICIES.

Manufacturer will adhere to their then-currently published policies concerning quotations, warranties, and return policies. Warranty and return policies for Customers will not be more restrictive or more costly than those warranty and return policies maintained by Manufacturer for other similarly situated Customers for like products or services.

12. INVALID TERM OR CONDITION. If any term or condition of this Contract shall be held invalid or unenforceable, the remainder of this Contract shall not be affected and shall be valid and enforceable.

13. ENFORCEMENT OF CONTRACT AND DISPUTE RESOLUTION.

Manufacturer and DIR agree to the following (i) a party's failure to require strict performance of any provision of this Contract shall not waive or diminish that party's right thereafter to demand strict compliance with that or any other provision; (ii) applicable to State agency purchases only, for disputes not resolved in the normal course of business, the dispute resolution process provided for in Chapter 2260, Texas Government Code, shall be used; (iii) the laws of the State of Texas shall govern this Contract; (iv) actions or proceedings arising from this Contract shall be heard in a court of competent jurisdiction in Travis County, Texas; and (v) nothing herein shall be construed to waive the State's sovereign immunity.

14. ENTIRETIES. The Contract supercedes all prior agreements, representations or promises, whether oral or written, made by the parties regarding the subject matter of this Contract.

15. MODIFICATION OF CONTRACT TERMS AND/OR AMENDMENTS.

The terms and conditions set forth in the Contract shall govern all transactions by Customers under this Contract. The Contract may only be modified or amended upon mutual agreement of DIR and Manufacturer. Additional Customer terms and conditions, which do not conflict with the Contract, may be added by a Purchase Order and given effect upon Manufacturer's

written acceptance of such new terms. For individual Purchase Orders, however, the Manufacturer may offer Customers more advantageous pricing and/or payment options than those set forth in the Contract. In such event, Manufacturer shall furnish a copy of such better offerings to DIR upon request.

16. DIR LOGO. Manufacturer and its Resellers may use the DIR logo in the promotion of this Contract to Customers with the following stipulations; (i) the logo may not be modified in any way; (ii) when displayed, the size of the DIR logo must be equal to or smaller than the Manufacturer or Reseller logo; (iii) the DIR logo is only used to communicate the availability of Products and Services under this Contract to Customers; and (iv) any other use of the DIR logo requires prior written permission from DIR.

17. MANUFACTURER LOGO. DIR may use the Manufacturer's name and logo in the promotion of this Contract to communicate the availability of Products under this Contract to Customers. Use of the logo may be on the DIR Web Site or on printed materials. Any use of Manufacturer's Logo by DIR must comply with and be solely related to the purposes of this Contract and any usage guidelines communicated to DIR from time to time. Nothing contained in this Contract will give DIR any right, title, or interest in or to Manufacturer's trademarks or the goodwill associated therewith, except for the limited usage rights expressly provided by Manufacturer pursuant to a Trademark License Agreement.

18. LEASING PROVISION. The parties to this Contract may agree to provisions that allow leasing of Information Resources Technologies in addition to purchase sales.

19. SITE PREPARATION. Customer(s) shall prepare and maintain its site in accordance with written instructions furnished by Manufacturer and/or Reseller(s) prior to the scheduled delivery date of any Product or Service and shall bear the costs associated with the site preparation.

20. TRADE SHOW PARTICIPATION. Manufacturer understands and agrees that it must participate by providing a staffed booth display or similar presence at no less than two (2) trade shows or similar functions sponsored by DIR Business Operations Division each calendar year at the Manufacturer's expense. Participating Resellers may also be required to provide a staffed booth display or similar presence at no less than two (2) trade shows or similar functions sponsored by DIR each calendar year at the Reseller's expense. Manufacturer and all participating Resellers must display the DIR logo at all trade shows that potential Customers will attend. DIR reserves the right to approve or disapprove of the location of the use of the DIR logo in or on the Manufacturer's booth.

21. ORIENTATION MEETING. Upon 60 days from execution of the Contract, DIR may require the Manufacturer and all participating Resellers to attend an orientation meeting to discuss the Contract content and procedures. The meeting will be held within the Austin,

Appendix A

Texas area at a date and time mutually acceptable to DIR and the Manufacturer. DIR shall bear no cost in the time and travel of the Manufacturer or participating Resellers for attendance at the meeting.

22. USE OF SUBCONTRACTORS. Manufacturer may subcontract installation, training, warranty, or maintenance services. However, Manufacturer shall remain solely responsible for the performance of its obligations under this Contract. If Manufacturer uses any subcontractors, Manufacturer shall satisfy DIR that it has complied and maintains compliance with the DIR HUB Subcontracting Plan.

23. FORCE MAJEURE. DIR, Customer, or Manufacturer may be excused from performance under this contract for any period when performance is prevented as the result of an act of God, strike, war, civil disturbance, epidemic, or court order, provided that the party experiencing the event of Force Majeure has prudently and promptly acted to take any and all steps that are within the party's control to ensure performance and to shorten the duration of the event of Force Majeure. The party suffering an event of Force Majeure shall provide notice of the event to the other parties as soon as reasonably practicable. Subject to this provision, such non-performance shall not be deemed a default or a ground for termination. However, a Customer may terminate a Purchase Order if it is determined by the Customer that Manufacturer will not be able to deliver product or services in a timely manner to meet the business needs of the Customer.

24. TERMINATION FOR NON-APPROPRIATION. Customer may terminate Purchase Orders and DIR may terminate this Contract if funds sufficient to pay obligations hereunder are not appropriated by the legislative body on behalf of local governments, or by the Texas legislature on behalf of state agencies. In the event of non-appropriation, Manufacturer will be provided ten (10) days written notice of intent to terminate.

25. TERMINATION FOR CONVENIENCE. Either party may terminate this Contract, in whole or in part, by giving the other party thirty (30) days written notice. A Customer may terminate a Purchase Order if it is determined by the Customer that Manufacturer will not be able to deliver product or services in a timely manner to meet the business needs of the Customer. Products that have been shipped in conformity with a Purchase Order may not be cancelled.

26. TERMINATION FOR CAUSE. Either DIR or Manufacturer may issue a written notice of default to the other upon the occurrence of a material breach of any covenant, warranty or provision of this Contract or a Purchase Order arising hereunder. The non-defaulting party shall give the defaulting party thirty (30) days from receipt of notice to cure said default. If the defaulting party fails to cure said default within the timeframe allowed, the non-defaulting party may, at its option and in addition to any other remedies it may have available, cancel and

terminate this Contract. Customers hereunder have no power to terminate this Contract for default. Customer's rights are exclusively based on their Purchase Order.

27. CUSTOMER RIGHTS UNDER TERMINATION. In the event this Contract expires or is terminated for any reason, a Customer shall retain its rights under the Purchase Order issued with respect to all Products or Services ordered and accepted prior to the effective termination date.

28. MANUFACTURER AND/OR RESELLER RIGHTS UNDER TERMINATION. In the event this Contract expires or is terminated for any reason, a Customer shall pay all amounts due for Products or Services ordered prior to the effective termination date and ultimately accepted.

29. SURVIVAL. All warranty and/or service agreements, confidentiality agreement, and software licensing agreements that were entered into between Manufacturer and a Customer under the terms and conditions of this Contract shall survive the termination of this Contract.

30. HANDLING OF WRITTEN COMPLAINTS. In addition to other remedies contained in this Contract, a person contracting with DIR may direct their written complaints to the following office:

Public Information Officer
Department of Information Resources
300 W. 15th Street, Suite 1300
Austin, TX 78701
(512) 475-4700, voice
(512) 475-4759, fax

APPENDIX B

SOFTWARE LICENSE AGREEMENT

Appendix B
SOFTWARE LICENSE
UNITED STATES

THIS SOFTWARE LICENSE ("LICENSE") IS AN ATTACHMENT BETWEEN YOU, THE END-USER ("CUSTOMER") AND NORTEL NETWORKS GOVERNING YOUR RIGHTS TO USE THE LICENSED SOFTWARE. "LICENSED SOFTWARE" MEANS NORTEL NETWORKS SOFTWARE PRODUCTS, SOFTWARE INCLUDED IN OR WITH NORTEL NETWORKS PRODUCTS, AND SOFTWARE UPGRADES ACQUIRED BY YOU FROM A NORTEL NETWORKS' AUTHORIZED DISTRIBUTOR ("BUSINESS PARTNER"). IF YOU DO NOT ACCEPT THESE TERMS AND CONDITIONS, RETURN THE LICENSED SOFTWARE, UNUSED, AND IN THE ORIGINAL SHIPPING CONTAINER TO THE RESELLER FROM WHOM YOU PURCHASED IT WITHIN THIRTY (30) DAYS OF PURCHASE TO OBTAIN A CREDIT FOR THE FULL PURCHASE PRICE.

Subject to the terms of this License, Nortel Networks grants to Customer a personal, non-exclusive license a) to Use (as defined below) a copy of the Licensed Software in accordance with the Usage Level (as defined below); and b) to use the associated documentation solely in support of authorized Use of the Licensed Software. "Use" is limited to storing, loading, installing or executing copies of the Licensed Software by authorized employees, agents or representatives of Customer in accordance with the associated documentation for Customer's internal business purposes and does not include the rental, lease, sublicensing, or lending of the Licensed Software. Authorized Use shall include the provision of services by Customer utilizing the Licensed Software. The "Usage Level" of the Licensed Software, based on number of lines, ports, terminal numbers, servers or other hardware devices, users, site licenses or other specified measure, is as authorized and specified in the separate associated Attachment for the supply of Nortel Networks products between Customer and Reseller or, if no other Usage Level is so specified, then the Usage Level is restricted to one individual user and one hardware device for each copy of the Licensed Software.

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Customer is responsible for the selection of the Licensed Software, its use, and results obtained from such use. Unless otherwise mutually agreed in a separate writing between Customer and Business Partner, Customer shall be solely responsible for any required installation of the License Software.

Nortel Networks or Reseller may audit by remote polling or other reasonable means to determine Customer's activation or usage levels for Licensed Software.

Customer shall:

1. Hold the Licensed Software in confidence for the benefit of Nortel Networks and/or Nortel Networks' suppliers using no less a degree of care than it uses to protect its own confidential and valuable information of similar nature but not less than a reasonable degree of care;
2. Keep a current record, consistent with applicable Texas law, of the location of each copy of the Licensed Software made by Customer;
3. Use the Licensed Software only in accordance with the authorized Usage Level; and
4. Affix to each copy of the Licensed Software made by Customer, in the same form and location, a reproduction of the copyright notices, trademarks, and all other proprietary legends and/or logos of Nortel Networks and/or Nortel Networks' suppliers, appearing on the original copy of the Licensed Software delivered to Customer; and retain the same without alteration on all original copies;

5. Issue instructions to Customer's authorized employees, agents, and/or representatives to whom Licensed Software is disclosed, advising them of the confidential nature of the Licensed Software and provide them with a summary of the requirements of this License; and
6. Upon termination of this License, or in the event designated hardware or CFE is no longer in use, return to Customer's Reseller or destroy all copies of the Licensed Software and associated documentation.

Customer shall not:

1. Use the Licensed Software a) for any purpose other than Customer's own internal business purposes; and b) other than as provided by this License;
2. Allow anyone other than Customer's authorized employees, agents and/or representatives who need to Use the Licensed Software in connection with Customer's rights or obligations under this License to have physical access to the Licensed Software;
3. Make any copies of the Licensed Software except such limited number of copies, in machine readable form only, as may be reasonably necessary for execution in accordance with the authorized Usage Level or for archival purposes only;
4. Make any modifications, enhancements, adaptations, derivative works, or translations to or of the Licensed Software, except as may result from those Customer interactions with the Licensed Software associated with normal Use and explained and permitted in the associated documentation;
5. Reverse engineer, disassemble, reverse translate, decompile, or in any other manner decode the Licensed Software in order to derive the source code form or for any other reason;
6. Make full or partial copies of the associated documentation or other printed or machine-readable matter provided with the Licensed Software unless the same has been supplied by Nortel Networks in a form intended for reproduction; or
7. Export or re-export the Licensed Software and/or associated documentation by downloading or otherwise from the country where Customer acquired the License to Use the Licensed Software.

Customer may not transfer the Licensed Software but may assign collectively its rights under this License to any bonafide lessor or subsequent owner of the associated hardware, but not otherwise; except that a legislatively mandated transfer of the hardware to a successor agency shall not constitute an assignment requiring payment of a license fee but shall be deemed a permitted transfer upon written notice to Nortel. The assignment to any subsequent owner of the associated Hardware may be subject to the payment of the then current license fee for new users, if any. No such assignment shall be valid until Customer a) has delegated in writing all of its obligations under this License to the assignee; b) has obtained from the assignee an unconditional written assumption of all such obligations; c) has provided Nortel Networks a copy of such assignment, delegation and assumption; and d) has transferred physical possession of all copies of the Licensed Software and associated documentation to the assignee except archival copies that have been destroyed. Except as provided above, neither this License nor any rights acquired by Customer through this License are assignable. Any attempted assignment of rights or other transfer of the Licensed Software not specifically allowed shall be void and conclusively presumed a breach of this License.

If Nortel Networks a) claims a breach of this License; and b) provides written notice of such claimed breach to Customer; and c) such claimed breach remains uncorrected more than thirty (30) days following Customer's receipt of such written notice, then this License may be immediately terminated by Nortel Networks without prejudice to any other rights and remedies that Nortel Networks may have at law or equity.

Customer's obligations to hold the Licensed Software in confidence and to otherwise protect Nortel Networks' trade secrets and other proprietary rights in the Licensed Software, as provided in this License, shall survive the termination of this License.

THE EXPRESS LIMITED WARRANTIES FOR THE LICENSED SOFTWARE WILL BE SOLELY THOSE GRANTED TO CUSTOMER BY CUSTOMER'S RESELLER IN A SEPARATE ATTACHMENT. THE LICENSED SOFTWARE IS PROVIDED BY NORTEL NETWORKS AND ITS SUPPLIERS "AS IS." WITH RESPECT TO THE LICENSED SOFTWARE, NORTEL NETWORKS AND ITS SUPPLIERS DISCLAIM ALL WARRANTIES AND CONDITIONS OF ANY KIND OR NATURE, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ALL WARRANTIES AND CONDITIONS OF TITLE, NONINFRINGEMENT, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE AND ALL WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE. NORTEL NETWORKS IS NOT OBLIGATED TO PROVIDE SUPPORT OF ANY KIND FOR THE LICENSED SOFTWARE.

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AND/OR NORTEL NETWORKS' SUPPLIERS WERE ADVISED, HAD OTHER REASON TO KNOW, OR IN FACT KNEW OF THE POSSIBILITY THEREOF.

"Nortel Networks" means Nortel Networks Inc. and the rights and obligations arising under this License shall be construed in accordance with the laws of the State of Texas without reference to any conflict of law provisions. If for any reason a court of competent jurisdiction finds any provision of this License or portion thereof to be unenforceable, such provision of this License shall be enforced to the maximum extent permissible so as to effect the intent of the parties and the remainder of this License shall continue in full force and effect.

If Customer is the United States Government, the following paragraph shall apply: All Licensed Software available under this License is commercial computer software and commercial computer software documentation and, in the event Licensed Software is licensed for or on behalf of the United States Government, the respective rights to the Licensed Software and associated documentation are governed by Nortel Networks standard commercial license in accordance with U.S. Federal Regulations at 48 C.F.R. Sections 12.212 (for non-DoD entities) and 48 C.F.R. 227.7202 (for DoD entities).

IF SUPPLIERS OF THIRD PARTY SOFTWARE INCLUDED IN OR DISTRIBUTED WITH THE LICENSED SOFTWARE REQUIRE NORTEL NETWORKS TO INCLUDE ADDITIONAL OR DIFFERENT TERMS IN THIS LICENSE, NORTEL NETWORKS MAY INCLUDE SUCH TERMS IN A SEPARATE DOCUMENT ACCOMPANYING THIS LICENSE AND SUCH TERMS SHALL BE DEEMED INCORPORATED INTO THIS LICENSE WITH RESPECT TO SUCH THIRD PARTY SOFTWARE.

This License constitutes the entire Attachment between Nortel Networks and Customer with respect to the Software Licensing User rights and obligations set forth herein and supersedes all prior or contemporaneous understandings or Attachments, written or oral, regarding such subject matter. No amendment to or modification of this License will be binding unless in writing and signed by a duly authorized representative of Nortel Networks.

CUSTOMER AGREES TO THE TERMS OF THIS LICENSE:

AUTHORIZED SIGNATURE: _____

Printed Name: _____ **Date:** _____

Customer Company Name: _____ **Phone:** _____

Nortel Networks Business Partner Name: _____

APPENDIX C
PRICING SCHEDULE

Appendix C

Product	EU Discount Off MSRP *
Intelligent Internet	35%
except for the following sub groups:	
140/840/865/867/460	30%
(PP24XX, PP6XXX, PP7XXX, Alteon)	
VPN	30%
except for the following sub groups:	
825	20%
(Contivity 1XXX)	
Optical	30%
Voice	50%
except for the following:	
BCM	30%
IP Telsets	0%
CSE 1K	25%

*** to receive these discounts the equipment must be bought from Nortel.
Will allow similar net prices thru Resellers**

Contact Nortel Networks for additional information on discounts for Products not listed above.

APPENDIX D

FULFILLING RESELLER AGREEMENT

Appendix D
Fulfilling Reseller Agreement

Company Name
Address
Address 2
City, State Zip

Attention: **NAME**

Subject: Nortel Networks/ State of Texas DIR VPC Contract
 DIR-VPC-03-029

Dear **NAME**,

This letter and the Reseller Agreement between Nortel Networks and the Fulfilling Reseller shall govern transactions under this Agreement. The Texas Department of Information Resources (the "DIR") has awarded Nortel Networks' a contract for networking equipment effective _____, 2003 through December 31, 200_ and is applicable to purchases made by the DIR and the various Entities as described in the Contract. The DIR has agreed to allow various points of purchase for Nortel Products and Services which will allow the DIR Customers the flexibility of placing orders with Nortel authorized Resellers. This correspondence serves as Nortel's desire to solicit _____ ("Fulfilling Reseller" or "_____") to act as an authorized partner for Nortel in support of the subject contract as the term is defined in the Contract. As part of this process, orders may then be fulfilled by our partners through our standard distribution channels.

The discounts applicable to purchases under the DIR Contract are set forth in Appendix C to the Contract and have been made available to Fulfilling Reseller prior to execution of this Appendix D. These approved discounts off Nortel's current published list price is the minimum discount that a Fulfilling Reseller will apply to Purchase Orders for ultimate delivery under the DIR Contract. These contractual discounts are applicable for the duration of Nortel's DIR contract and applied against the then current published list price at time of order placement.

Fulfilling Reseller, acting as an authorized Reseller for Nortel, will be required to submit all Reporting provided in Sections 7.B and 12 of the Contract, specifically for Orders received by Fulfilling Reseller during the term of this Contract to Nortel Networks. Fulfilling Reseller shall be obligated to submit the Administrative Fees due payable to DIR in accordance with each months Report directly to Nortel.

IT IS A CONDITION OF BEING A NORTEL NAMED AUTHORIZED RESELLER UNDER THE DIR'S CONTRACT THAT THESE REPORTS BE SUBMITTED ON A MONTHLY BASIS BY THE 10TH BUSINESS DAY AFTER THE CLOSE OF THE PRECEDING MONTH TO NORTEL NETWORKS; AND, THE SUBMISSION OF ALL ADMINISTRATIVE FEES DUE AS REFLECTED ON SUCH REPORT TO NORTEL BY THE TENTH (10th) BUSINESS DAY AFTER THE CLOSE OF THE PRECEDING MONTH. Nortel is obligated to send the administrative fee to DIR. Failure of Fulfilling Reseller to submit these reports and payments in a timely manner may be cause for termination of your authorization to sell under Nortel Networks' 2003 DIR Contract.

The DIR Contract requires that an administrative fee in the amount of two percent (2%) of the amount of sales made pursuant to the DIR Contract to be remitted to the DIR as an

Appendix D
Fulfilling Reseller Agreement

administrative fee. By signing this Letter Agreement and accepting Orders against the DIR Contract, Fulfilling Reseller is accepting responsibility and liability for prompt and proper payment of the administrative fee in accordance with the foregoing paragraph. Failure to so pay such fee in the accurate amount on a timely basis shall result in Fulfilling Reseller's termination under this agreement.

BY ACTING AS A NORTEL AUTHORIZED RESELLER FOR THE 2003 DIR CONTRACT, FULFILLING RESELLER AGREES TO BE BOUND BY AND ABIDE BY THE APPLICABLE TERMS AND CONDITIONS OF THE CONTRACT THAT ARE SPECIFICALLY DRAFTED AS COVENANTS OF RESELLERS. AS A FURTHER CONDITION TO BEING A NORTEL AUTHORIZED RESELLER, FULFILLING RESELLER AGREES TO PAY THE 2% FEE AS REQUIRED BY THE DIR TO DIR.

If Fulfilling Reseller agrees to participate in this opportunity and the terms as outlined in this correspondence, please have an authorized signatory of _____ sign below and fax a copy of this letter in its entirety to (972) 684-3284.

Should you have any questions concerning the reporting requirements or pricing discounts, please contact the DIR procurement agent Mr. Patrick Hogan, at the address shown in Section 13 of the Contract.

Very truly yours,
NORTEL NETWORKS INC.

By: _____
Title: _____
Date: _____

Acknowledged and Agreed by:
[Company Name]

